

## Data Sheet

<b>USAID Mission:</b>	Russia
<b>Program Title:</b>	Small Business Development
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	118-0131
<b>Proposed FY 2004 Obligation:</b>	\$10,379,000 FSA
<b>Prior Year Unobligated:</b>	\$580,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$8,421,000 FSA
<b>Year of Initial Obligation:</b>	FY 2000
<b>Year of Final Obligation:</b>	FY 2007

**Summary:** USAID's business development and finance programs continue to provide technical assistance, training, and non-bank financing to promote economic growth for the transition to a free-market economy and to a more democratic society through the development of a middle class in Russia. Activities benefit individual entrepreneurs and small businesses by improving the policy environment, delivering high quality business services, improving access to finance with an emphasis on the entire small and medium-sized enterprise (SME) sector support, and promoting economic education for Russian youth.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Policy Reform (\$200,000 FSA). USAID will continue to provide technical assistance and training to eight business associations in the Russian Federation to analyze and advocate reforms needed to improve the business environment for SMEs. The lessons learned at the regional level will then be used to strengthen an agenda to assist the Russian Duma in reform at the federal level. USAID's partner is the Center for International Private Enterprise (prime).

High-Quality Business Services (\$6,450,000 FSA, \$100,000 FSA carryover). USAID will continue its SME development activity in the Russian Far East (RFE) which was started last year. This activity covers regulatory reform, credit availability, advanced training and sector-specific consultancies. USAID will start a new RFE business development program that is slated to work through the University of Alaska at Anchorage (UAA). USAID and UAA currently are analyzing development components of the project that will continue providing business extension services and training. A follow-on activity to the current Alaska Chukotka Development Program will provide economic development and humanitarian assistance for the native people of Chukotka. Another USAID activity will support the adoption of both international accounting standards and certification of competence for Russian accountants. USAID's partners are Winrock International (prime), University of Alaska at Anchorage (prime) and Carana Corporation (prime).

Access to Finance (\$2,620,000 FSA, \$180,000 FSA carryover, \$300,000 prior year recoveries FSA). USAID-supported individual non-bank finance institutions (NFIs), which comprise six NFI networks operating in various locations across Russia, are rapidly approaching sustainability. Therefore, this will be the last year of funding to individual Russian NFIs. In FY 2004, USAID will help these individual NFIs to obtain greater access to commercial sources of funding and to form partnerships with internal and external investors through USAID's Global Development Alliance. USAID will continue supporting the NFI sector as a whole by providing training and consulting to over 350 indigenous Russian NFIs. USAID will undertake initial steps to set up a Microfinance Capital Fund to provide loans to NFIs and to create a model for commercial banks and other investors seeking to invest in NFIs. USAID's partners are ACDI/VOCA (prime), Foundation for International Community Assistance (FINCA International) (prime) and Development Alternatives Inc.(prime).

Education and Training (\$310,000 FSA). USAID will continue to promote economic education, ethics and civic responsibility through development and distribution of primary and secondary school curricula. The Junior Achievement Russia (JAR) activity will be expanded to reach 450,000 students and incorporate civics and ethics training into the curriculum. Principal grantee is Junior Achievement Russia (prime).

Program Support (\$799,000 FSA). These funds will cover training, evaluations, studies, and related program management costs.

**FY 2005 Program:**

Policy Reform (\$500,000 FSA). The policy advocacy activity will continue its technical assistance and training for Russian business associations to implement their business agendas at the regional and federal levels to change obstructive laws and decrease administrative barriers to SME development. Principal implementer: same as above.

High-Quality Business Services (\$4,050,000 FSA). USAID will continue to support SME development in the RFE. USAID intends to continue the Alaska Chukotka Development Program as well as the activity implemented by UAA in order to meet the unique needs of local RFE SMEs. Principal implementer: same as above.

Access to Finance (\$2,571,000 FSA). In FY 2005, USAID will continue to help individual NFIs to become fully self-sustainable, convert into formal financial institutions, get access to commercial funding, and form partnerships. USAID will continue strengthening the Russian Microfinance Center to reach the point by 2006, whereby it can continue to develop on its own. The partnerships of FY 2004 will continue. Principal implementer: same as above.

Education and Training (\$300,000 FSA). USAID will continue to expand the JAR activity to more schools with a target of 500,000 students and will further expand its core program with civics and ethics training. In addition, it will solicit financial support from Russian businesses, with the intention that Russian businesses will eventually pay most of the program's costs. Principle implementer: same as above.

Program Support (\$1,000,000 FSA). These funds would cover evaluations, studies, and related program management costs.

**Performance and Results:** A USAID-funded action plan to reduce administrative barriers was adopted. This allowed the start-up, locating, and operating procedures for SMEs in Tomsk Oblast to be simplified. Business Support Institutions (BSIs) served nearly 26,000 SME clients, 1,300 of which obtained loans totaling approximately \$38 million. One hundred twenty-five farmer-to farmer volunteers helped clients to increase production and revenues by at least 10%. Four hundred fifteen thousand primary and secondary students from 80 Russian regions were exposed to training in economics, ethics, and civic responsibility. USAID-supported non-bank finance activities provided Russian SMEs with over 43,000 loans worth over \$50 million, allowing SME loan recipients to grow their businesses by 200% to 300% on average. Two NFIs established by USAID, FINCA/Samara and Counterpart Enterprise Fund (CEF)/Khabarovsk, successfully graduated from USAID assistance programs and are now operating independent of USAID assistance. Several USAID non-bank finance programs attracted substantial commercial funding and formed partnerships with private sector institutions.